

Union Calendar No. 170

107TH CONGRESS
1ST SESSION

H. R. 3060

[Report No. 107-283]

To amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 2001

Mr. OXLEY (for himself, Mr. LAFALCE, Mr. BAKER, and Mr. KANJORSKI) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 13, 2001

Additional sponsor: Mr. SHERMAN

NOVEMBER 13, 2001

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Emergency Securities
3 Response Act of 2001”.

4 **SEC. 2. EXTENSION OF EMERGENCY ORDER AUTHORITY OF**
5 **THE SECURITIES EXCHANGE COMMISSION.**

6 (a) EXTENSION OF AUTHORITY.—Paragraph (2) of
7 section 12(k) of the Securities Exchange Act of 1934 (15
8 U.S.C. 78l(k)(2)) is amended to read as follows:

9 “(2) EMERGENCY ORDERS.—(A) The Commis-
10 sion, in an emergency, may by order summarily take
11 such action to alter, supplement, suspend, or impose
12 requirements or restrictions with respect to any mat-
13 ter or action subject to regulation by the Commis-
14 sion or a self-regulatory organization under the secu-
15 rities laws, as the Commission determines is nec-
16 essary in the public interest and for the protection
17 of investors—

18 “(i) to maintain or restore fair and orderly
19 securities markets (other than markets in ex-
20 empted securities);

21 “(ii) to ensure prompt, accurate, and safe
22 clearance and settlement of transactions in se-
23 curities (other than exempted securities); or

24 “(iii) to reduce, eliminate, or prevent the
25 substantial disruption by the emergency of (I)
26 securities markets, investment companies, or

1 any other significant portion or segment of such
2 markets, or (II) the transmission or processing
3 of securities transactions.

4 “(B) An order of the Commission under this
5 paragraph (2) shall continue in effect for the period
6 specified by the Commission, and may be extended.
7 Except as provided in subparagraph (C), the Com-
8 mission’s action may not continue in effect for more
9 than 30 business days, including extensions. If the
10 actions described in subparagraph (A) involve a se-
11 curity futures product, the Commission shall consult
12 with and consider the views of the Commodity Fu-
13 tures Trading Commission. In exercising its author-
14 ity under this paragraph, the Commission shall not
15 be required to comply with the provisions of section
16 553 of title 5, United States Code, or with the provi-
17 sions of section 19(e) of this title.

18 “(C) An order of the Commission under this
19 paragraph (2) may be extended to continue in effect
20 for more than 30 business days if, at the time of the
21 extension, the Commission finds that the emergency
22 still exists and determines that the continuation of
23 the order beyond 30 business days is necessary in
24 the public interest and for the protection of investors
25 to attain an objective described in clause (i), (ii), or

1 (iii) of subparagraph (A). In no event shall an order
2 of the Commission under this paragraph (2) con-
3 tinue in effect for more than 90 calendar days.”.

4 (b) DEFINITION OF EMERGENCY.—Paragraph (6) of
5 section 12(k) of the Securities Exchange Act of 1934 (15
6 U.S.C. 78l(k)(6)) is amended to read as follows:

7 “(6) DEFINITION OF EMERGENCY.—For pur-
8 poses of this subsection, the term ‘emergency’
9 means—

10 “(A) a major market disturbance charac-
11 terized by or constituting—

12 “(i) sudden and excessive fluctuations
13 of securities prices generally, or a substan-
14 tial threat thereof, that threaten fair and
15 orderly markets; or

16 “(ii) a substantial disruption of the
17 safe or efficient operation of the national
18 system for clearance and settlement of
19 transactions in securities, or a substantial
20 threat thereof; or

21 “(B) a major disturbance that substan-
22 tially disrupts, or threatens to substantially
23 disrupt—

24 “(i) the functioning of securities mar-
25 kets, investment companies, or any other

1 significant portion or segment of the secu-
2 rities markets; or
3 “(ii) the transmission or processing of
4 securities transactions.”.

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